

I had a good video conference recently with General Casey and General Petraeus -- General Casey is in charge of the theater; General Petraeus, as you know, is in charge of training -- and they we're upbeat about what they're seeing with the Iraqi troops. One of the questions I like to ask is, are they able to recruit. In other words, you hear -- you see these killers will target recruiting stations, and I've always wondered whether or not that has had an effect on the ability for the Iraqis to draw their fellow citizens into the armed forces. Recruitment is high. It's amazing, isn't it, that people want to serve, they want their country to be free?

The other question that -- one of the other issues that is important is the equipping issue, and the equipment is now moving quite well. In other words, troops are becoming equipped.

Thirdly, a fundamental problem has been whether or not there's an established chain of command, whether or not a civilian government can say to the military, here's what you need to do -- and whether the command goes from top to bottom and the plans get executed. And General Petraeus was telling me he's pleased with the progress being made with setting up a command structure, but there's still more work to be done.

One of the real dangers, David, is that as politics takes hold in Iraq, whether or not the civilian government will keep intact the military structure that we're now helping them develop. And my message to the Prime Minister and our message throughout government to the Iraqis is, keep stability; don't disrupt the training that has gone on -- don't politicize your military -- in other words, have them there to help secure the people.

So we're making good progress. We've reduced our troops from 160,000 more or less to 139,000. As you know, I announced to the country that we would step up our deployments -- step up deployments and retain some troops for the elections. And then I said we'd get them out, and we've done that. In other words, the withdrawals that I said would happen, have happened.

Go ahead; I can see you've got a follow-up right there on the tip of your tongue.

Q Do you feel that the number of troops that you've kept there is limiting your options elsewhere in the world? Just today you had the head of the Defense Intelligence Agency say that he was now concerned that the North Koreans, for example, could put a weapon, a nuclear weapon on a missile that could reach Japan or beyond. Do you feel, as you are confronting these problems, the number of troops you've left tied up in Iraq is limiting your options to go beyond the diplomatic solutions that you described for North Korea and Iran?

THE PRESIDENT: No, I appreciate that question. The person to ask that to, the person I ask that to, at least, is to the Chairman of the Joint Chiefs, my top military advisor. I say, do you feel that we've limited our capacity to deal with other problems because of our troop levels in Iraq? And the answer is, no, he doesn't feel we're limited. He feels like we've got plenty of capacity.

You mentioned the Korean Peninsula. We've got good capacity in Korea. We traded troops for new equipment, as you know; we brought some troop -- our troop levels down in South Korea, but replaced those troops with more capacity. Let me talk about North Korea, if you don't mind. Is that your question?

Q Go right ahead. (Laughter.)

THE PRESIDENT: I'm surprised you didn't ask it. (Laughter.)

Look, Kim Jong-il is a dangerous person. He's a man who starves his people. He's got huge concentration camps. And, as David accurately noted, there is concern about his capacity to deliver a nuclear weapon. We don't know if he can or not, but I think it's best when you're dealing with a tyrant like Kim Jong-il to assume he can.

That's why I've decided that the best way to deal with this diplomatically is to bring more leverage to the situation by including other countries. It used to be that it was just America dealing with North Korea. And when Kim Jong-il would make a move that would scare people, everybody would say, America, go fix it. I felt it -- it didn't work. In other words, the bilateral approach didn't work. The man said he was going to do something and he didn't do it, for starters.

So I felt a better approach would be to include people in the neighborhood, into a consortium to deal with him.

And it's particularly important to have China involved. China has got a lot of influence in North Korea. We went down to Crawford with Jiang Zemin, and it was there that Jiang Zemin and I issued a statement saying that we would work for a nuclear weapons-free Korean Peninsula.

And so when Kim Jong-il announced the other day about his nuclear intentions and weapons, it certainly caught the attention of the Chinese because they had laid out a policy that was contradicted by Kim Jong-il, and it's helpful to have the Chinese leadership now involved with him. It's more -- it's better to have more than one voice sending the same message to Kim Jong-il. The best way to deal with this issue diplomatically is to have five other -- four other nations beside ourselves dealing with him. And we'll continue to do so.

Finally, as you know, I have instructed Secretary Rumsfeld -- and I work with Congress -- Secretary Rumsfeld has worked with Congress to set up a missile defense system. And we're in the process of getting that missile defense system up and running. One of the reasons why I thought it was important to have a missile defense system is for precisely the reason that you brought up, that perhaps Kim Jong-il has got the capacity to launch a weapon, and wouldn't it be nice to be able to shoot it down. And so we've got a comprehensive strategy in dealing with him.

Ed, yes.

Q Mr. President, good evening.

THE PRESIDENT: Yes.

Q Sir, you've talked all around the country about the poisonous partisan atmosphere here in Washington. I wonder why do you think that is? And do you personally bear any responsibility in having contributed to this atmosphere?

THE PRESIDENT: I'm sure there are some people that don't like me. You know, Ed, I don't know. I've thought long and hard about it. I was -- I've been disappointed. I felt that people could work -- work together in good faith. It's just a lot of politics in the town. It's kind of a zero-sum attitude. We can't -- we can't cooperate with so-and-so because it may make their party look good, and vice-versa.

Although having said that, we did have some success in the education bill. We certainly came together as a country after September the 11th. I appreciate the strong bipartisan support for supporting our troops in harm's way. There's been a lot of instances of bipartisanship, but when you bring a tough issue up like Social Security, it -- sometimes people divide into camps.

I'm proud of my party. Our party has been the party of ideas. We said, here's a problem, and here's some ideas as to how to fix it. And as I've explained to some people, I don't want to politicize this issue -- people say, you didn't need to bring this up, Mr. President, it may cost you politically. I don't think so. I think the American people appreciate somebody bringing up tough issues, particularly when they understand the stakes: the system goes broke in 2041.

In 2027, for those listening, we'll be obligated to pay \$200 billion more dollars a year than we take in, in order to make sure the baby boomers get the benefits they've been promised. In other words, this is a serious problem, and the American people expect us to put our politics aside and get it done.

You know, I can't answer your question as to why. I'll continue to do my best. I've tried to make sure the dialogue is elevated. I don't believe I've resorted to name-calling here in Washington, D.C. I find that to not be productive. But I also understand the mind of the American people. They're wondering what's going on. They're wondering why we can't come together and get an energy bill, for example. They're wondering why we can't get Social Security done. And my pledge to the American people is, I'll continue to work hard to -- with people of both parties and share credit, and give people the benefit of the credit when we get something done.

Yes, sir.

Q Thank you, Mr. President. Just to follow up on Ed's question, we like to remind you that you came to Washington hoping to change the tone, and yet, here we are, three months into your second term and you seem

deadlocked with Democrats on issues like Bolton, DeLay, judges. Is there any danger that the atmosphere is becoming so poisoned, or that you're spending so much political capital that it could imperil your agenda items like Social Security, energy?

THE PRESIDENT: I don't think so, Bill. I think when it's all said and done, we're going to get a lot done. I mean, after all, one of the issues that people have been working on for a long time is class-action lawsuit reform, and I signed that bill. An issue that people have been working on for a long time is bankruptcy law reform, and I signed that bill. And the House got an energy bill out recently, and I talked to Senator Domenici the other day and he's upbeat about getting a bill out pretty quickly and get it to conference and get the issues resolved.

I'm pretty aware of what the issues might be that will hang up a conference, and I think we can get those issues resolved. We're more than willing to help out. So I do believe I'll get an energy bill by August.

There's a budget agreement, and I'm grateful for that. In other words, we are making progress. No question the Social Security issue is a big issue, but it's -- as I said before, we hadn't talked about this issue for 20 years. And they thought we had it fixed 20 years -- 22 years ago, for 75 years, and here we are, 22 years later after the fix, talking about it again. And it's serious business. If you're a grandmother or a grandfather listening, you're going to get your check. But your grandchildren are going to have a heck of a price to bear if we don't get something done now.

You see, it's possible if nothing gets done that the payroll taxes will go up to some 18 percent. Imagine that for your children and grandchildren, living in a society where payroll taxes are up at 18 percent. Or there will be dramatic benefit cuts as time goes on. Now is the time to get it done. And my pledge to the American people is that I'm going to stay on this issue because I know it's important for you.

Fletcher.

Q Yes, Mr. President. You had talked about North Korea and you mentioned that the six-party talks allow you to bring extra leverage to the table. But do you think they're working, given North Korea's continued threats and the continuing growth of their nuclear stockpile?

Q And how long do you let it go before you go to the U.N.?

THE PRESIDENT: No, I appreciate that question. I do think it's making a difference to have China and Japan and South Korea and Russia and the United States working together with North Korea. In my judgment, that's the only way to get this issue solved diplomatically, is to bring more than one party to the table to convince Kim Jong-il to give up his nuclear ambitions. And how far we let it go on is dependent upon our consensus amongst ourselves. Condi, the other day, laid out a potential option of going to the United Nations Security Council. Obviously, that's going to require the parties agreeing. After all, some of the parties in the process have got the capacity to veto a U.N. Security Council resolution.

So this is an issue we need to continue to work with our friends and allies. And the more Kim Jong-il threatens and brags, the more isolated he becomes. And we'll continue to work with China on this issue. I spend a lot of time dealing with Chinese leaders on North Korea, as do people in my administration. And I'll continue to work with our friends in Japan and South Korea. And Vladimir Putin understands the stakes, as well.

Mark.

Q Mr. President, under the law, how would you justify the practice of renditioning, where U.S. agents who brought terror suspects abroad, taking them to a third country for interrogation? And would you stand for it if foreign agents did that to an American here?

THE PRESIDENT: That's a hypothetical, Mark. We operate within the law and we send people to countries where they say they're not going to torture the people.

But let me say something: the United States government has an obligation to protect the American people. It's in our country's interests to find those who would do harm to us and get them out of harm's way. And we will do so

within the law, and we will do so in honoring our commitment not to torture people. And we expect the countries where we send somebody to, not to torture, as well. But you bet, when we find somebody who might do harm to the American people, we will detain them and ask others from their country of origin to detain them. It makes sense. The American people expect us to do that. We -- we still at war.

One of my -- I've said this before to you, I'm going to say it again, one of my concerns after September the 11th is the farther away we got from September the 11th, the more relaxed we would all become and assume that there wasn't an enemy out there ready to hit us. And I just can't let the American people -- I'm not going to let them down by assuming that the enemy is not going to hit us again. We're going to do everything we can to protect us. And we've got guidelines. We've got law. But you bet, Mark, we're going to find people before they harm us.

John McKinnon.

Q Yes, sir. I'd just like to ask, simply, what's your view of the economy right now? First-quarter growth came in weaker than expected, there have been worries about inflation and lower spending by consumers. Are these basically just bumps in the road, in your opinion, or are they reasons for some real concern and could they affect your agenda on Social Security?

THE PRESIDENT: I appreciate that, John. I am concerned about the economy because our small business owners and families are paying higher prices at the gas pump. And that affects the lives of a lot of people. If you're a small business owner and you have to pay higher gas prices and you're -- likely you may not hire a new worker. In other words, higher gas prices, as I have said, is like a tax on the -- on the small business job creators. And it's a tax on families. And I do think this has affected consumer sentiment; I do think it's affected the economy.

On the other hand, the experts tell me that the forecast of economic growth in the coming months looks good. There's more to do to make sure that we don't slip back into slow growth or negative growth. One is to make sure taxes stay low; secondly, is to continue to pursue legal reform. I hope we can get an asbestos reform bill out of both the House and the Senate. There's some positive noises on Capitol Hill as to whether or not we can get an asbestos reform bill. That will be an important reform in order to make sure that our economy continues to grow.

We need to continue to open up markets for U.S. products. As you know, there will be a vote for the Central American Free Trade Agreement here, hopefully soon. I'm a strong believer that that's in the interest of American job creators and workers, that we open up those markets. I know it's important geopolitically to say to those Central American countries, you've got a friend in America. We said we'd have an agreement with you, and it's important to ratify it. It'll help strengthen the neighborhood.

We've also got to make sure that we continue to reduce regulation. I think an important -- I know an important initiative that we're going to be coming forth with here probably in the fall is tax reform. I was amazed by the report the other day that there is some \$330 billion a year that goes unpaid by American taxpayers. It's a phenomenal amount of money. To me, it screams for making the tax system easier to understand, more fair and to make sure that people pay their taxes -- "more fair" means pay what you owe.

And so there are a lot of things we can do, John, to make sure economic growth continues. But I'm an optimistic fellow -- based not upon my own economic forecast -- I'm not an economist -- but based upon the experts that I listen to.

Let's see here. Richard. (Laughter.) There is somebody with a bad throat back there. (Laughter.)

Q Mr. President, you've made No Child Left Behind a big part of your education agenda. The nation's largest teachers union has filed suit against it, saying it's woefully inadequately funded. What's your response to that? And do you think that No Child Left Behind is working?

THE PRESIDENT: Yes, I think it's working. And the reason why I think it's working is because we're measuring, and the measurement is showing progress toward teaching people how to read and write and add and subtract. Listen, the whole theory behind No Child Left Behind is this: if we're going to spend federal money, we expect the states to show us whether or not we're achieving simple objectives -- like literacy, literacy in math, the ability to read and write. And, yes, we're making progress. And I can say that with certainty because we're measuring,

Richard.

Look, I'm a former governor, I believe states ought to control their own destiny when it comes to schools. They are by far the biggest funder of education, and it should remain that way. But we spend a lot of money here at the federal level and have increased the money we spend here quite dramatically at the federal level. And we changed the policy: instead of just spending money and hope for the best, we're now spending money and saying, measure.

And some people don't like to measure. But if you don't measure, how do you know whether or not you've got a problem in a classroom? I believe it's best to measure early and correct problems early, before it's too late. That's why as a part of the No Child Left Behind Act we had money available for remedial education. In other words, we said we're going to measure, and when we detect someone who needs extra help, that person will get extra help.

But, absolutely, it's a good piece of legislation. I will do everything I can to prevent people from unwinding it, by the way.

Q What about the lawsuit? Which --

THE PRESIDENT: Well, I don't know about the lawsuit; I'm not a lawyer. But, you know, I'll ask my lawyers about the lawsuit. But I know some people are trying to unwind No Child Left Behind. I've heard some states say, well, we don't like it. Well, you know, my attitude about not liking it is this: If you teach a child to read and write, it shouldn't bother you whether you measure. That's all we're asking.

The system for too long had just shuffled children through and just hoped for the best. And guess what happened? We had people graduating from high school who were illiterate -- and that's just not right in America. It wasn't working. And so I came to Washington and worked with both Republicans and Democrats -- this is a case where bipartisanship was really working well. And we said, look, we're going to spend more money at the federal level. But the federal government, what, spends about 7 percent of the total education budgets around the country.

But we said, let's change the attitude. We ought to start with the presumption every child can learn, not just some; and, therefore, if you believe every child can learn, then you ought to expect every classroom to teach. I hear feedback from No Child Left Behind, by the way -- and, admittedly, I get the cook's tour, sometimes -- but I hear teachers talk to me about how thrilled they are with No Child Left Behind; they appreciate the fact that the system now shows deficiencies early so they can correct those problems. And it is working.

Okay. Mr. Knox.

Q Thank you, Mr. President. I want to make sure I understand your answer to Mike about North Korea. He asked you how long you were prepared to let the multiparty talks proceed, in the face of what might be a gathering threat from North Korea, and you said, how long -- I'm paraphrasing -- how long we let it go on is dependent on our consensus among ourselves --

THE PRESIDENT: Yes.

Q Did you mean to say that you will neither refer North Korea to the U.N. for sanctions, nor take military action unless you have the agreement of all the other partners abroad?

THE PRESIDENT: No, I didn't speak about military -- I'm speaking about diplomatically. And secondly, yes, we've got partners. This is a six-party talk; five of us on the side of convincing Kim Jong-il to get rid of his nuclear weapons, and obviously, Kim Jong-il believes he ought to have some. And my point was that it is best -- if you have a group of people trying to achieve the same objective, it's best to work with those people, it's best to consult.

His question was, are you going to -- when are you going to -- when will there be consequences. And what we want to do is to work with our allies on this issue and develop a consensus, a common approach to the consequences of Kim Jong-il. I mean, it seems counterproductive to have five of us working together, and all of a

sudden, one of us say, well, we're not going to work together.

Again, I repeat to you, our aim is to solve this problem diplomatically. And like I've said before, all options, of course, are on the table, but the best way to solve this problem diplomatically is to work with four other nations who have all agreed in achieving the same goal, and that is a nuclear-free Korean Peninsula.

Final question. Hutch. I don't want to cut into some of these TV shows that are getting ready to air. (Laughter.) For the sake of the economy. (Laughter.)

Q I wanted to ask you about your ideas --

THE PRESIDENT: Is that all right? Go ahead, Hutch. Sorry.

Q I wanted to ask you about your ideas on dealing with Social Security solvency problems. As I understand it -- I know you'll tell me if I'm wrong -- the benefits would be equal to what -- at least equal to what they are today, and then any increase in benefits would be indexed according to income, with lower-income people getting bigger increases. Two things on that: Today's benefits probably won't mean much somewhere down the road; and how far are you going to go with this means-based program? Are you talking about --

THE PRESIDENT: Yes, I appreciate that.

Q -- where a rich person, say, Dick Cheney, wouldn't get much out of it?

THE PRESIDENT: Now, wait a minute, don't get personal here, Hutch. You're on national TV; that's a cheap shot. First of all, in terms of the definition of who would get -- whose benefits would rise faster and whose wouldn't, that's going to be a part of the negotiation process with the United States Congress. There's a -- a Democrat economist had a very -- he put forth this idea and he had a level of -- I think 30 percent of the people would be considered to be in a lower-income scale.

But this is to be negotiated. This is a part of the negotiation process. My job is to lay out an idea that I think will make the system more fair.

And the second question -- or the first question --

Q It's a means-based program where the real wealthy people might not get very much out of it.

THE PRESIDENT: It is -- that's right. I mean, obviously, it is means base when you're talking about lower-income versus wealthier income. The lower-income people's benefits would rise faster. And the whole goal would be to see to it that nobody retired in poverty. Somebody who has worked all their life and paid in the Social Security system would not retire into poverty.

One other point on Social Security that people have got to understand is that it's -- the system of today is not fair for a person whose spouse has died early. In other words, if you're a two-working family like families are here in America, and -- two people working in your family, and the spouse dies early -- before 62, for example -- all of the money that the spouse has put into the system is held there, and then when the other spouse retires, he or she gets to choose the benefits from his or her own work, or the other spouse's benefits, which is ever higher but not both. See what I'm saying? Somebody has worked all their life, the money they put into the system just goes away. It seems unfair to me. I've talked to too many people whose lives were turned upside down when the spouse died early and all they got was a burial benefit.

If you have a personal savings account, a voluntary personal savings account, and your -- and you die early, that's an asset you can leave to your spouse or to your children. That's an important thing for our fellow citizens to understand. The system today is not fair, particularly if the spouse has died early, and this will help remedy that.

Listen, thank you all for your interest. God bless our country.

END 9:01 P.M. EDT

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